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CONTENTS

INTER-KOREAN AFFAIRS

Hypothetical Prospects of Reunified Korea Studied (YONHAP, 5 Aug 81)	1
Reports on DPRK Reunification Statement Discussed (KCNA, 10 Aug 81)	2
'PRAVDA' Cites 'NODONG SINMUN' on U.S. Military (KCNA, 8 Aug 81)	3
'TASS' on 'NODONG SINMUN' Commentary on UNC Document (KCNA, 11 Aug 81)	4
Briefs Demonstrators Arrested in S. Korea	6

SOUTH KOREA

POLITICS AND GOVERNMENT

Government Plans Progressive Education Tax Rates (THE KOREA TIMES, 11 Aug 81)	7
Use of Defense Funds for Education Discussed (THE KOREA TIMES, 2 Aug 81)	9
Briefs	
Education Tax Panel Opposed	11
Tax Exemption Level	11
National Issues Discussed	12
Political Fund Group	12
Overseas Labor Attaches	12

ECONOMY

Briefs

1982 Construction Costs	13
Technological Development	13
Import Liberalization	14
Unemployment Rate Decreases	14
Business Recruitment	14
Commercial Banks Limitation	14
New Investment Rules	15
Bumper Rice Harvest	15
Coal Price Increase	15
Joint Venture for Molybdenum	16
Joint Venture for Talcum	16
Tourism Discussed	16

SOCIAL CONDITIONS

Increasing Tax Burden Examined (CHUNGANG ILBO, 16 Jun 81)	17
National Tax, by Yi Chae-hun	
Local Tax, by Yi Tu-sok	

FOREIGN RELATIONS

Fisheries Agreements Sought With 14 Countries (YONHAP, 7 Aug 81)	22
ROK-Asean Economic Ties To Be Promoted in September (YONHAP, 6 Aug 81)	23
Briefs	
Economic Mission to Europe	24
Missions to Europe, S. America	24
Visa Exemption Accords	25
U.S. Envoy	25

FOREIGN TRADE

No Change Expected in Canadian Import Policy (YONHAP, 8 Aug 81)	26
ROK Companies To Explore Alaskan Coal Deposits (THE KOREA TIMES, 1 Aug 81)	27
Briefs	
Invisible Trade Deficit Increases	28
Trade Deficit With Japan	28
Increase in Exports	28

NORTH KOREA

POLITICS AND GOVERNMENT

July 'KULLOJA' Table of Contents Announced (NODONG SINMUN, 8 Jul 81)	29
---	----

SOCIAL CONDITIONS

High-Rise Housing Construction Reported in Namp'o (Yi Myong-ch'ang; NODONG SINMUN, 21 Jun 81)	30
--	----

INTERNATIONAL COMMENTARY

Briefs PRC Official to Philippines	32
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INTER-KOREAN AFFAIRS

HYPOTHETICAL PROSPECTS OF REUNIFIED KOREA STUDIED

SK050800 Seoul YONHAP in English 0740 GMT 5 Aug 81

[Text] Seoul, 5 Aug (YONHAP)--A Korea unified under the democratic and capitalistic system would be able to turn out a gross national product (GNP) worth U.S.\$367 billion in the year 2000, according to a report released Tuesday by Korea's research center for peace and unification.

The figure more than doubles the \$165 billion worth of goods and services which a unified communist Korea would produce in the same year, the private research organization said in the report projecting the future of Korea, which has been divided into two parts for the last 33 years. According to the report, South Korea's GNP would surpass that of North Korea by a ratio of seven to one or \$229 billion to \$33 billion if Korea continues to remain divided in 2000.

On the other hand, the population of South and North Korea would reach some 60 million in 1985 and 66.5 million in 1990, the report said. It warned, however, that some five million Koreans would be executed as reactionaries, another two million would defect to Japan and millions of others would become refugees, if Korea were unified under communist rule.

Overall, the report projects a thriving welfare state for a Korea unified under a democratic system while it presents a dismal picture for a single communist Korea. By 2000, Koreans would adopt a five-day, 40-hour work week with advanced social security benefits available to all Koreans, if the two Koreas become one democratic state.

On the contrary, all Koreans would be subject to various restrictions on their basic rights and privacy North Koreans now suffer including state intervention in marriages if Korea becomes one state under communist rule. At present, a North Korean man and a woman cannot marry each other without the approval of their party because those couples whose marriages it does not endorse are denied housing.

CSO: 4120/301

INTER-KOREAN AFFAIRS

REPORTS ON DPRK REUNIFICATION STATEMENT DISCUSSED

SK100350 Pyongyang KCNA in English 0332 GMT 10 Aug 81

[Text] Pyongyang, 10 Aug (KCNA)--The XINHUA News Agency of China August 7, reported the joint statement of the political parties and public organizations of our country which was adopted at the 67th meeting of the Central Committee of the Democratic Front for the Reunification of the Fatherland.

The news agency said: The Workers Party of Korea and 22 other political parties and public organizations August 6 proposed to convene a conference for the promotion of national reunification with the attendance of representatives of the political parties and organizations in the North and the South of Korea and representatives of Koreans abroad to discuss the problems of realizing Korean reunification and collaboration and intercourse between the North and the South.

This proposal was made in a joint statement adopted at the 67th meeting of the Central Committee of the Democratic Front for the Reunification of the Fatherland held in Pyongyang on August 6.

The joint statement notes: The conference for the promotion of national reunification would be a united body of all the patriotic forces of the country' at the present juncture it would be the most realistic national consultative organisation which may have a wholesale debate on the reunification question and promote its solution.

The conference would have an open-hearted debate on the proposal for founding the DCRK and all other reunification proposals to be laid before it. It would also discuss the problem of realizing collaboration and interchange in all the political, economic, cultural and military fields between the North and the South and humanitarian questions for alleviating the sufferings of the kindred living separated.

The joint statement says that the conference for the promotion of national reunification may be convened in Pyongyang or Seoul or Panmunjom.

It stresses: For a successful convocation of the conference for the promotion of national reunification, bilateral or multilateral dialogue should be held on a broad scale between representatives of various parties, groupings and various strata hoping to attend the conference as its preliminary step.

For such dialogue, we are ready to meet anybody of South Korea except Chon Tu-hwan group and will leave the door of dialogue always open to anybody.

CSO: 4120/301

INTER-KOREAN AFFAIRS

'PRAVDA' CITES 'NODONG SINMUN' ON U.S. MILITARY

SK080340 Pyongyang KCNA in English 0333 GMT 8 Aug 81

[Text] Moscow, 6 Aug (KCNA)--The August 6 issue of the Soviet paper PRAVDA under the title "Fabricators Exposed" reported a NODONG SINMUN article "What Lurks Behind the False Propaganda?"

The paper wrote:

NODONG SINMUN, organ paper of the Central Committee of the Workers Party of Korea, noted that the assertions of representatives of the present U.S. administration about "military superiority" of the Democratic People's Republic of Korea over South Korea, the "existence" of a "threat" to South Korea and so forth are a whopping lie.

The paper noted that such fictions are aimed at justifying the U.S. troops continued occupation of South Korea and war preparations of the Seoul "regime."

The paper said: As to the armed forces in South Korea, the U.S. Armed Forces deployed in the south of the Korean Peninsula and in other areas of the Pacific must be taken into account.

As stated many a time by high-ranking officials of the U.S. Defence Department, the U.S. troops in South Korea consist of the "elite" units possessed of a "high degree of manoeuvrability" and "combat power."

CSO: 4120/301

INTER-KOREAN AFFAIRS

'TASS' ON 'NODONG SINMUN' COMMENTARY ON UNC DOCUMENT

SK111555 Pyongyang KCNA in English 1511 GMT 11 Aug 81

[Text] Pyongyang, 11 Aug (KCNA)--TASS August 9 reported the content of a NODONG SINMUN commentary titled "Far-Fetched Logic of Occupationist," which denounced the United States for submitting recently a forged document under the name of the "United Nations Forces Command" in South Korea to the United Nations Security Council, which claims that the DPRK side violated the armistice agreement last year.

TASS said: NODONG SINMUN branded the "Report on the Activity of the United Nations Forces Command in South Korea" submitted by the U.S. mission in the United Nations to the U.N. Security Council as a shameless distortion of facts.

The paper pointed out that the authors of the document reversed black and white, claiming that the Democratic People's Republic of Korea, not the U.S. troops and the South Korean Army, violated the Korean armistice agreement last year.

The paper continued: But the fact is just the opposite. It is none other than the United States and the Seoul "regime" that are hastening war preparations by extensively shipping nuclear weapons and up-to-date military equipment into South Korea, and ceaselessly committing provocations against the Democratic People's Republic of Korea in wanton violation of the armistice agreement.

Cases of violation of the armistice agreement by them in 1980 numbered more than 24,000.

As for the "United Nations Forces Command," it is an entirely illegal existence. It should have long been disbanded in accordance with the resolution of the 30th U.N. General Assembly session.

The United States is using the flag of this international organisation as a fig leaf to whitewash its occupation of South Korea. This is an insult to the United Nations and its resolution.

The United States is seeking to invent a pretext for keeping its troops as ever in South Korea and opposing the Democratic People's Republic of Korea by misleading world public opinion through the circulation of a bald-faced lie. Such acts heighten tension in the Korean Peninsula.

Its occupation of South Korea is a violation of the publicly recognized principles of international law on territorial integrity, respect for sovereignty and non-interference in others internal affairs and a violation of the Korean armistice agreement which envisages the withdrawal of all foreign troops from Korea after the war.

NODONG SINMUN stressed that the United States must withdraw its troops and nuclear weapons from South Korea at once.

CSO: 4120/301

INTER-KOREAN AFFAIRS

BRIEFS

DEMONSTRATORS ARRESTED IN S. KOREA--Pyongyang, Aug 4 (KCNA)--The puppet eastern police station in Seoul on July 30 arrested the chairman and the deputy director of the "Society for Defence of the Rights and Interests of Petty Truck Owners" in connection with a recent demonstration and sit-down strike of truck drivers in Seoul, according to a report. As already reported, hundreds of truck drivers in Seoul staged a demonstration for three days from July 20, opposing exorbitant plunder by the company side and demanding private licences for free operation. Those owners of private trucks were attached to transport companies in Seoul to borrow their names, as the puppet clique did not issue private licences, and were robbed of a lot of money by the companies. Their struggle was a just one for existence. But the fascist clique not only suppressed the demonstrators but also arrested the afore-said persons of the "Society for Defence of the Rights and Interests of Petty Truck Owners" on charges of having "encouraged" their struggle. [Text] [SKD41541 Pyongyang KCNA in English 1512 GMT 4 Aug 81]

CSO: 4120/301

S. KOREA/POLITICS AND GOVERNMENT

GOVERNMENT PLANS PROGRESSIVE EDUCATION TAX RATES

SK110725 Seoul THE KOREA TIMES in English 11 Aug 81 p 1

[Text] The government has decided to impose progressive rates of education tax on the dwelling houses instead of levying a uniform rate of 50 percent as originally proposed by the Finance Ministry.

The decision was reached in a dinner meeting between the government and the majority Democratic Justice Party at the official residence of Premier Nam Tok-u in Samchong-dong last night.

In the meeting, the DJP strongly urged the government to allow the proposed education tax rates to vary according to the sizes and values of the houses.

Originally, the Finance Ministry planned to impose a 50 percent education tax in addition to the existing tax on dwelling houses.

The DJP argued in the meeting that it was irrational for the owners of small homes to pay the same education tax as the owners of large and luxurious homes.

Rep. Chong Chong-taek, concurrently minister of state on political affairs, said after the Samchong-dong meeting that the government accepted the party's demand and decide to change the original educational tax bill of the Finance Ministry.

He said the government's final version of the tax bill would be formulated after public hearing being prepared by either the finance committee or the education-information committee of the National Assembly or jointly by the two committees.

Participants in the Samchong-dong meeting were, from the party: chairman Rep. Yi Chae-hyong, secretary-general Rep. Kwon Chong-tal, chief policymaker Rep. Yi Chin-u and floor leader Rep. Yi Chong-chan.

From the government side were Premier Nam Tok-u, Yu Hak-song, director of the agency for national security planning; Deputy Premier Sin Pyong-hyon; Home minister So Chong-hwa, Finance Minister Yi Song-yeon and Rep. Chong.

According to Rep. Chong, the planned revenue in educational surtax on property will be about 50 billion won.

The government plans to raise about 300 billion won in education taxes on liquor, tobacco and security dividends in addition to the ones imposed on property next year. The education tax bill is to be effective for five years only beginning next year.

Rep. Chong said the government had about 110 law and amendment bills in need of parliamentary approval during the forthcoming regular session starting in September.

He also revealed that the DJP proposed advancement of the construction schedules of subway system in the heart of Seoul since it caused severe traffic congestion.

However, the government said the early completion would require added financial burden, Rep. Chong said.

CSO: 4120/300

S. KOREA/POLITICS AND GOVERNMENT

USE OF DEFENSE FUNDS FOR EDUCATION DISCUSSED

SK020355 Seoul THE KOREA TIMES in English 2 Aug 81 p 1

[Text] The Democratic Korea Party suggested yesterday that the government earmark part of defense funds for educational investments by further strengthening security ties with the United States.

Opposing the imposition of the government-proposed education tax as a new special purpose tax, the first minority party claimed that defense expenses could be appropriated for educational purposes.

Rep. Han Yong-su, chief policymaker of the party, pointed out that 6 percent of the GNP of the country was used for defense expenses, which was a heavy burden for a developing country.

The idea is included in a set of 11 alternatives to the government plan to levy a new tax to finance huge educational investments to improve educational facilities. The package was worked out in a joint meeting of the finance and education-information committees of the party's policy council yesterday.

Announcing the 11 alternatives to secure educational funds for the five years from next year, Rep. Han urged the government to withhold the presentation of the education tax law bill to the National Assembly.

He insisted that the government could secure educational funds amounting to 4,600 billion won during the period of the coming five-year economic and social development plan without imposing the education tax.

"The government tries to raise money necessary for national education in an easy-going way," the DKP chief policymaker contended.

Major alternatives worked out in the joint meeting included use of the present residence tax, which was imposed so as to curb the influx of population into cities, for educational investments.

The government plans to collect a total of 125 billion won in 1981 through the residence tax.

The DKP also suggested the government reduce the scope of the present tax exemption in such a way as to eliminate favors for big businesses to raise money for educational investments.

The government was advised by the DKP to issue education bonds and to sell state-owned property for educational funds.

The first minority party also claimed in the alternatives that the government economic policy heading toward high growth should be modified by compiling the budget with top priority for educational investments.

Rep. Han said that the DKP lawmakers would do their best and wage a strong struggle in the coming regular National Assembly session to secure educational funds not through imposing an education tax but by other means.

CSO: 4120/300

BRIEFS

EDUCATION TAX PANEL OPPOSED--Rep. Ko Chae-chong, floor leader of the first minority Democratic Korea Party, opposed yesterday the holding of a National Assembly Finance Committee meeting to deal with the government-proposed imposition of an education tax, rejecting a floor leaders' meeting to discuss the panel convocation. It had been learned over the weekend that the whips of the three major parties would have a meeting early this week to discuss the calling of the parliamentary panel in the middle of this month. Rep. Ko's intention not to attend any floor leaders' gathering was according to the majority opinion among party lawmakers that the controversial education tax issue should be handled in a plenary session. Rep. Ko said, "Since the education tax problem is an important matter, we must not be hasty about it. I believe that the issue can be discussed sufficiently in the September regular house session." The majority Democratic Justice Party has already adopted a policy to convene the finance committee to examine the government plan to levy an education tax from next year. [Text] [SK040701 Seoul THE KOREA TIMES in English 4 Aug 81 p 1]

TAX EXEMPTION LEVEL--The majority Democratic Justice Party (DJP) plans to increase the exemption point for personal income tax for a five-member family in order to protect people in the low-income brackets. It also aims at fostering middle-class people. For the same purpose, the party is studying readjusting the current tax rate system in such a way as to increase the number of tax rate grades, according to Rep. No Ung-pae, vice chairman of the party policy committee yesterday. He said, "No concrete plan to reorganize the tax rate system has been mapped out yet. But the party will seek an increase in the exemption point, taking into consideration the wage hike ratio of 17 percent and the 20 percent price hike ratio." "Especially, the party plans to lighten the tax burdens of salaried people earning 400,000-600,000 won a month by lowering tax rates," he revealed. The DJP is also examining a measure to expand the objects of the education tax to be imposed additionally on the property tax to all the cities from the government-proposed six major cities. In case the education tax is levied on property taxes in all cities across the nation, the new tax rate will be set according to the grades of the cities. According to the DJP study, the imposition of the education tax on property taxes in cities will not apply to low-income people. The party also is considering exempting owners of the houses of less than 15 pyong (one pyong is equivalent to 3.3 square meters) from the new tax. At the same time, the majority party plans to set the upper limit of the additional tax rate on the property tax at 50 percent in six major cities and 30 percent in other cities. [Text] [SK070601 Seoul THE KOREA TIMES in English 7 Aug 81 p 1].

NATIONAL ISSUES DISCUSSED--Seoul, Aug. 11 (YONHAP)--President Kim Chong-chol of the Korea National Citizens' Party Tuesday said in Bonn that the political development in Korea is progressing thanks to enhanced self-control and self government and the firm basis for the peaceful transfer of power. The opposition leader, now visiting West Germany at the invitation of Chairman Werner Mertes of the West German-Korean Association, also said the ease of tension and promotion of mutual understanding are necessary for the ultimate unification of the South and North Korea. In an address titled "The Security and Economy of Korea," Kim foresaw the security situation of Korea would depend largely on the Seoul-Washington relations for the time being since neither mainland China nor Japan could emerge as a military power to contain the Soviet expansion in that part of the world. He emphasized that the unification of the Korean Peninsula would need international cooperation and such cooperation would not conflict with the interests of the powers involved in the region. Commenting on the economy in Korea, Kim said that the country had faced difficulties in the past two years or so as results of increased oil prices, internal instability and bad weather, but added that the country would regain high economic growth rate by the end of 1982 when the prices are expected to be stabilized. Kim's address at the Pulfenfelt Hotel in Bonn was conveyed to Seoul party officials accompanying Kim. [Text] [SK110302 Seoul YONHAP in English 0251 GMT 11 Aug 81]

POLITICAL FUND GROUP--The secretary generals of the three major political parties discussed the formation of supporters' group to collect political funds yesterday but failed to reach any agreement. They only decided to hold another meeting Friday. Rep. Kwon Chong-tal of the majority Democratic Justice Party revealed in the meeting that his party would organize its own supporters' group to be made up of some 300 businessmen by the end of this month. He urged his counterparts from the minority Democratic Korea Party and Korean National Citizens Party to form their own groups of backers as promptly as possible. But Reps. Sin Sang-u of the DKP and Sin Chol-kyun of the KNCP argued that the tendency of business circles to avoid support of opposition parties meant that the minority parties were handicapped in organizing their supporters' groups." The minority parties' secretary generals suggested in the meeting at the engineering club that a joint group be formed and the political funds collected by it be allotted to the parties according to the ratios of parliamentary seats. But Rep. Kwon expressed a negative response to the suggestion on the ground that such a method required an amendment to the concerned law. [Text] [SK040657 Seoul THE KOREA TIMES in English 4 Aug 81 p 1]

OVERSEAS LABOR ATTACHES--Seoul, Aug. 10 (YONHAP)--The Korean Government has decided to increase the number of overseas labor attaches from 11 in seven countries to 30 in 20 countries by the end of this year, Labor Affairs Ministry officials said Monday. The decision came following the government's earlier decision to liberalize Koreans' overseas employment as a way to develop international labor markets. The ministry will send labor officials to those countries where more than 1,000 Koreans are working and where local guerrilla activities exist, and will increase the number of labor officers in those countries where their workloads are heavy, the officials said. The ministry also plans to dispatch labor officials to Geneva, Japan and the United States to collect international labor information as well as to check labor export dumpings by other countries. According to ministry sources, some 176,000 Korean workers were operating in 38 countries as of the end of March. [Text] [SK100100 Seoul YONHAP in English 0055 GMT 10 Aug 81]

BRIEFS

1982 CONSTRUCTION COSTS--Seoul, Aug. 8 (YONHAP)--The Korean Government plans to spend two trillion won (some three billion U.S. dollars) next year to undertake various construction projects. Of the total, one trillion won (one U.S. dollar is worth about 685 won) will be spent on construction of four more multi-purpose dams in addition to the originally projected three such dams, government sources said Saturday. The construction of seven multi-purpose dams next year is designed to develop electric power resources and agricultural and industrial water. The seven dams will increase the country's power generating facility capacity by 863,000 kw, the sources said. The largest portion (25 billion won) of another one trillion won will go to developing technology in the computer, automobile, nuclear power and precision chemistry fields. Other major construction projects to start next year include building a new international airport near Seoul at a total cost of 647 billion won, exploring the fourth mining zone along the continental shelf stretching southeast of Cheju Island for seabed oil resources (168 billion won), constructing Seoul-Yosu and Ulsan-Taejon oil pipelines (196 billion won) and erecting a liquefied national gas import terminal (580 billion won). The two trillion won, earmarked for such construction projects in the first year of the country's five-year economic development plan (1982-86), accounts for 20 percent of the government's general budget for the fiscal 1982, the sources said. [Text] [SK080919 Seoul YONHAP in English 0830 GMT 8 Aug 81]

TECHNOLOGICAL DEVELOPMENT--Seoul, Aug. 3 (YONHAP)--The Korean Government has decided to further increase its investments and encourage private investments in developing technologies beginning next year as a means of improving Korean enterprises' competitive power in the world arena. To this end, the government will improve its support system for technological development, by nurturing key and strategic industries including the semiconductor industry as a policy project and by establishing a private-initiative technological development system, a government official said here Monday. In order to encourage private investments, the government will render tax favors, financial assistance and other benefits for the private-led technological development projects, the official noted. The government measures under study include an increased tax exemption for the private technological development projects from the current eight to 10 percent to 20 to 30 percent, the official explained. [Text] [SK030252 Seoul YONHAP in English 0248 GMT 3 Aug 81]

IMPORT LIBERALIZATION--Seoul, Aug. 14 (YONHAP)--Korean Deputy Premier-Economic Planning Minister Sin Pyong-hyon Friday said that the government would totally liberalize imports in fields which lack international competitiveness, as part of the country's long-term import policy. Addressing a Korean International Economic Institute seminar held in Pusan some 320 km southeast of Seoul, Sin said that the government would, initially, pursue such a free import policy in areas where monopolistic and oligopolistic trends are outstanding. Noting that Korea's import policy has so far neglected the importance of importation, Sin claimed that such a policy was essential to keep the country's resources from being wasted in noncompetitive industries. Sin also noted that Korea's exports should be skill-intensive, and added that the government would actively encourage foreigners' direct investments in domestic industries. [Text] [SK140104 Seoul YONHAP in English 0048 GMT 14 Aug 81]

UNEMPLOYMENT RATE DECREASES--Seoul, Aug. 6 (YONHAP)--Korea's unemployment rate decreased to 3.9 percent on the average in the second quarter of this year from the average 4.4 percent registered in the same period last year, the Economic Planning Board (EPB) announced Thursday. The EPB announcement attributed the drop to a steady economic recovery from a long-protracted recession. The announcement said that the employed population reached an average of 15,15,149,000 [as printed] people during the second three months, 391,000 persons more than a year earlier, while the unemployed fell to an average of 610,000 in the period, compared with the average 672,000 registered in the comparable period last year. The announcement added that Korea's economically active population above the age of 14 stood at 15,759,000 in the period, 329,000 more than one year before. [Text] [SK061036 Seoul YONHAP in English 0822 GMT 6 Aug 81]

BUSINESS RECRUITMENT--Seoul, Aug. 14 (YONHAP)--Major Korean businesses are planning massive recruitments for the second half of this year as Korea's economy is expected to recover on a full scale beginning next year. According to a Korea Management Association survey of the country's 30 major businesses, Hyundai business group plans to employ some 2,000 newcomers, in addition to the 1,300 recruited in the first half of this year. The number is more than three times bigger than last year's. Daewoo group will also provide some 1,500 jobs for college graduates, 60 percent more than the previous year, plus another 500 jobs for experienced personnel, according to the survey. Samsung group and Lucky group also plan to recruit some 500 persons each during the second half of this year. [Text] [SK140309 Seoul YONHAP in English 0251 GMT 14 Aug 81]

COMMERCIAL BANKS LIMITATION--Seoul, Aug. 13 (YONHAP)--The Korean Government is considering establishing no more commercial banks in the country, except for three now under negotiation. Finance Ministry officials said Thursday that although the government has allowed the establishment of two joint-venture banks with foreign partners, and approved a plan set forth by Korean residents in Japan to open a bank to prop up investment activities by overseas Koreans in their home country, it does not think it necessary to establish more private commercial banks, in view of the current market conditions of domestic banking institutions. At present, Korean businesses are moving toward establishing two joint-venture banks with the

Bank of America and with a syndicate of Mideast banking institutions respectively. According to the officials, the projected overseas Korean residents' bank and the Korean-American Bank are expected to go into full commercial operation by the end of this year. Efforts to set up a joint-venture bank with Mideast banking circles will also bear tangible fruit not later than the first half of next year, bringing to eight the number of commercial banks operating in the country. Korea has no need to have more commercial banks because of the limited scale of its money market, the officials explained. [Text] [SK130135 Seoul YONHAP in English 0057 GMT 13 Aug 81]

NEW INVESTMENT RULES--Seoul, Aug. 3 (YONHAP)--Korean small businesses fear that the government's measure to decontrol foreign investment might erode their domestic markets. Officials of the Korea Federation of Small Businesses Monday said the recent government decision to permit foreign investment in 427 sectors would give blows to domestic businesses which are weak in their competitiveness and technologically backward. The officials indicated that 40 sectors which had been designated as "small-business protection" businesses were included among the 427 categories. The officials recommended that the government raise the limit of foreign investment capital from the current 100,000 U.S. dollars to 200,000 dollars. [Text] [SK030943 Seoul YONHAP in English 0807 GMT 3 Aug 81]

BUMPER RICE HARVEST--Seoul, Aug. 6 (YONHAP)--There are indications that Korea will have a bumper crop in its rice harvest this fall thanks to a continuing spell of good weather. According to YONHAP's local bureau reports, the nation's rice paddies are in best shape and are expected to produce a combined output far surpassing this year's target of 38 million sams (one sam equals 144 kg) this fall, provided good weather continues for one more month and possible blights are kept under control. Farmers and local officials interviewed in the reports all forecast an unprecedented bumper crop in Korea's rice harvest this fall, which may break the record harvest of 1976. [Text] [SK060140 Seoul YONHAP in English 0112 GMT 6 Aug 81]

COAL PRICE INCREASE--Seoul, Aug. 14 (YONHAP)--The Korean Government raised the price of "yontan" (anthracite briquets), the main home cooking and heating fuel, by 10.87 percent, and the prices of coal by an average of 15.81 percent, effective Friday. With prices jacked up, the home-delivery price of a 3.6-kg piece went up from 138 won to 153 won in Seoul, and that of a 7.5-kg piece from 271 won to 302 won, respectively (one U.S. dollar is worth about 685 won). The yontan price hike will put heavier financial pressure on the general public, who have been tightening their belts to fight against rising commodity prices. The country saw coal price soar 38.84 percent and yontan price rise 33.04 percent this year. On April 19, the government raised coal prices by 19.88 percent and yontan prices by 22.17 percent. Announcing the price increases in a press conference, Energy-Resources Minister Pak Pong-hwan said that the government pricing decision was aimed at readjusting the coal price to a realistic level in the non-demand season, thus, minimizing impact on the general public. He said that the coal price hike this time reflected mainly coal production cost increases since the turn of this year, which were not reflected in the April 19 coal price rise, adding that the government would not increase coal prices before the end of this year. Friday's coal price hike is expected to increase wholesale prices by 0.624 percent and consumer prices by 0.629 percent. Yontan accounts for 71 percent of the country's total home fuel and coal is the nation's indigenous and primary fossil fuel, representing 22 percent of its total energy needs, according to ministry officials. [Text] [SK140206 Seoul YONHAP in English 0133 GMT 14 Aug 81]

JOINT VENTURE FOR MOLYBDENUM--The Amax Co of the United States has established a joint venture firm with the Hyundai Business Group for the joint development of molybdenum mines in the Mt T'aebaek in Korea, according to the Energy and Resources Ministry on 25 July. The \$560 million joint company was set up at the ratio of 50.5 percent and 49.5 percent between the Korean and American firms. A total of \$814 million will be invested in the development of the molybdenum mines over the next 10 years. Under the joint development plan, some 17,000 tons of molybdenum will be produced yearly. The nation's total production of molybdenum last year stood at a mere 557 tons. Amax has concluded that the molybdenum mines in the Mt T'aebaek will be operational for some 31 years. [Excerpts] [Seoul MAEIL KYONGJE SINMUN in Korean 25 Jul 81 p 7, Seoul U.S. Embassy translation]

JOINT VENTURE FOR TALCUM--The Cyprus Mining Co of the United States has been promoting a plan for the development of low quality talcum in a joint venture with Ilshin Industry of Korea, according to related business circles on 29 July. The U.S. firm has already completed a feasibility study on the joint exploration of talcum in Yesan, South Ch'ungchong Province. The U.S. company plans to enter into a formal contract agreement with the Korean firm for the joint development project in August. [Excerpt] [Seoul MAEIL KYONGJE SINMUN in Korean 29 Jul 81 p 1, Seoul U.S. Embassy translation]

TOURISM DISCUSSED--The average room occupancy rate of five major hotels in Seoul rose to 77.1 percent during the first half of this year, up 13.7 percentage points from the same period of 1980. The substantial pickup in the number of foreign tourists coming to Korea was reflected in the number of room-days sold during the period--456,458--an increase of 20.2 percent over the corresponding period last year, according to data released last week by tourist industry officials in Seoul. Room charges at the five hotels--the Chosun, Hyatt Regency, Lotte, Plaza and Shilla--also went up by an average of 12.3 percent. The average rate is now \$43.90, up \$4.80 from the same period last year, the data showed. [Text] [Seoul YONHAP NEWS AGENCY NEWSLETTER in English 20 Jul 81 pp 4-5]

CSO: 4120/299

S. KOREA/SOCIAL CONDITIONS

INCREASING TAX BURDEN EXAMINED

National Tax

Seoul CHUNGANG ILBO in Korean 16 Jun 81 p 5

[Article by staff reporter Yi Chae-hun]

[Text] Tax is causing headaches. The national budget scale is getting bigger and more tax revenues must be collected. However, the current economic slowdown has prevented taxes from being smoothly collected. Next year, education tax will be added. Taxpayers will more acutely feel the tax burden weighing on the barely sufficient home budget.

We hereby analyze the current tax situation, breaking it into two categories--national and local tax.

Per capita tax payments last year hit 172,400 won. The budget this year is formulated so that it may be increased to 209,700 won. A five-member family would have to pay 1,048,500 won in tax. One gets upset every time he gets a pay envelope [paycheck] because the tax burden is weighing heavier on him while his income does not increase in real terms owing to inflation. Salarymen acutely feel the heavier tax burden, especially when they receive year-end bonuses.

Merchants say they could not run businesses if they paid taxes as stipulated under the law. Worse yet, a new tax is likely to emerge next year--education tax.

An education tax bill designed to collect 300 to 400 billion won is being drafted. The contention that the education tax should be newly instituted to increase educational financing for the normalization of education is reasonable and persuasive. Taxpayers, however, cannot help but wonder if the new tax is the only way to raise more revenue. Anyway, the tax burden would be heavier, adding 10,000 won in tax to each individual, if the education tax is instituted.

The actual tax burden would be much heavier, depending on how and in which category the new tax is included. The tax burden is felt heavier in the economic slowdown these days, which also causes poor tax collection.

The confirmed reports of composite income taxes in May (for 1980 incomes) showed a decrease of 17 percent from the level of the previous year. Under inflation, the revenues normally do not decrease due to the increase of nominal incomes. However, they actually decreased. This means that the economic slowdown is that much more serious. The collection is not going well not only for income tax but also for other taxes. The total tax revenues as of the end of May amounted to 39 percent of the budget, less than the 42 percent registered in the same period the previous year.

One percent of domestic tax equals 46 billion won; therefore, 140 billion won more should have been collected to catch up to the level of the previous year.

To make the tax collection smooth, the incomes in real terms must be boosted, and subsequently consumer spending must be increased. The family budget cannot catch up with price boosts, and families are forced to spend less. This causes purchase slowdown. This is why the collection of taxes levied on consumer goods is declining.

Those who favor the increases claim that the tax rate of this country is lower. But they overlook the fact that each country is based on different premises. When we look into national debt ratio to GNP, West Germany tops the list with 32.3 percent, followed by the United States with 30.2 percent, Japan with 21.1 percent; Korea's is 18.8 percent (1980). In advanced countries, where a social security system is established, the government pays in many cases what the people should shoulder. If the medicare tax were included, the tax burden rate would hit almost 20 percent in our country.

The tax burden rate will be higher in 1983 when the welfare pension system is instituted. This country's taxation system has many problems such as increasing burdens on the middle class, indiscriminate tax-sharing stemming from increased indirect taxes, distortion arising from excessive numbers of tax-exempted people [due to low income], unfairness in tax-exemption, inadequacy in the property tax levy system, and so on.

The number of tax-paying workers is only 2.33 million. Although the total number of working people is 7.30 million, 68 percent of the working people make less than 150,000 won each, which is the tax-exemption base. Of the tax-paying people, those who make more than 500,000 won are excluded from tax deductions for paying insurance premiums and are subjected to higher tax rates.

People are driven to a situation comparable to double-pay-reduction because there is no tax adjustment while cost of living is rising. The class of tax-payers who bear the heaviest tax rate is the middle class people who make monthly income of between 500,000 and 700,000 won. With this income, they cannot easily manage their household budget. And yet, they are classified as high income earners and are subjected to heavy graduated taxation. Those who make donations for educational institutions are not given tax favors solely for that donation. The proposed tax reform project this year is considering giving tax favors to those who make charity donations. Even this would end up with "a biscuit for an elephant." A bold tax cut is required from the political judgment

that the sound protection of middle class families is indispensable for the stability of society.

Local Tax

Seoul CHUNGANG ILBO in Korean 16 Jun 81 p 5

[Article by staff reporter Yi Tu-sok]

[Text] An emergency situation has set in for the local taxation. The burden of local taxes including property tax is getting heavier year after year, thus causing wrinkles to the family budget of common people. The revenues of local taxes are insufficient to finance the local governments.

The collection of property sales tax is lower than previous years because of the continuous slump of the real estate business for years. Despite this situation, the tax-levy standard is going up 20 to 30 percent each year, fanning the boost of land prices. As a result, the tax revenues are on the decrease while the raised levy standard is pushing up the property tax rate, thereby bringing heavier burdens to taxpayers. This has brought the local tax authorities to a difficult situation. To make the situation worse, a portion of the education tax is likely to be added to the local taxation. The portion of education tax the local taxation will bear for 5 years from next year to 1986 would be 900 billion won, that is, 180 billion won each year. (This is 40 percent of the projected revenues of 2,250 billion won in education taxes.) In case this plan is carried out, the total revenues of the local taxes would increase by 20 percent from this year's projected 921.9 billion won.

Furthermore, the total local tax revenues may jump up to 70 percent, when the adjustment for a 20 percent average price increase and the increasing financial demand resulting from the upgrading of cities of Taegu, Incheon and 10 others are accounted for. The local tax rate will thus become as heavy as the [national] tax rate.

Summary

Of the total tax revenues [both national and local], the weight of the local tax is becoming heavier each year. The ratio of local tax to national tax jumped by 5.6 to 16.7 percent in 1977 from 11.1 percent in 1972, and by 0.3 to 17 percent last year. The projected total of local tax revenues this year is 921.947 billion won, an increase of 30.6 percent (216.248 billion won) from 705.699 billion won last year.

Property Tax

Of the local taxes, the most important tax item is property tax. Of the projected total local tax revenues this year, the property tax is to be 146.658 billion won. On top of this, if 62.527 billion won in city planning tax and 16.03 billion won in common fire-fighting facility tax are added, the total payment for the property tax categories will hit 225.188 billion won,

representing 24 percent of the total local tax revenues. The tax burden rate is expected to increase to 50 percent next year if the education tax is added.

Property Sales Tax

The collection target of property sales tax is raised year after year, following the property tax. However, it seems difficult to achieve the target because of slow real estate transactions. The property sales tax revenues are targeted to reach 211.358 billion won. Last year, 165.037 billion won was collected.

Farm Land Tax

The government and the Democratic Justice Party have decided to raise the farm land tax exemption base to 1,200,000 won from 960,000 won, which represents 31 percent, or 25 billion won, of the farm land tax revenue target set at 80 billion won. As a result, other local taxes such as property tax have to make up for it.

The compromise bill which the Democratic Justice Party has proposed stipulates that the tax-exempt base for A-class farm land tax (taxation on rice production) should be raised by 24.8 percent to 924,000 won on the basis of the current purchasing price of grains, and that of B-class farm land tax (tax levy on special crops) should be raised from the current 220,000 won to 276,000 won. If the tax-exempt base is so settled, the number of tax-exempted farming households will jump to 1.2 million (which represents 55 percent of the total farming households) from 1 million (44 percent of the total). This will produce a deficit of 25 billion won in tax revenues, thereby forcing the increase of property and residential taxes, if government subsidies are not provided for.

Raising the Tax Levy Standard

There is a problem of raising the tax levy standard for property tax and property sales tax to increase the local tax revenues which will finance the growing local government spending, and to include the education tax in the local tax category. The current tax levy standard for land and buildings is 40 percent of the current market value of the land or the building, that is to say 40 percent of the market value is taken away as tax. Policy-makers say it should be raised to 50 percent.

Under the present circumstances, homeowners who do not have regular incomes also have to pay property tax. Low income people [who own homes] are likely to bear a heavy tax burden which may even threaten their livelihood if the tax levy standard is raised. The local tax authorities worry about the possibility that the increase of the property tax will meet stiff resistance from the inner chamber [individual level] and fan out as public grievances.

Countermeasures

In order to reduce local tax burdens, it is desirable for the local government to engage in profit-making businesses other than tax collection. It is also desirable that local public corporations be set up to do construction work on water pipes, sewers, bridges, housing lots, and other basic city planning jobs

by applying the principles of private management. With this purpose in mind the Ministry of Home Affairs is now encouraging local governments to attract private capital and technology to spur their own development under its administrative guidances for city management.

Together with this, it is urgently required to institute a rational tax administration which enables us to establish a local tax that can be transferred as a part of the national revenue, to transfer certain national taxes such as the telephone tax to the local tax category, and to determine by law the proportion of grants-in-aid to be given to local governments from national tax revenues. (One U.S. dollar roughly equals 700 won)

Tax Burden Changes					(unit = 100 million won)
Classification	71	75	79	80	81 (budget)
Total revenues	4,929	15,498	53,629	65,859	81,381
National tax	4,531	13,910	47,617	58,077	72,428
Domestic tax	3,555	10,123	30,375	36,758	45,835
Tariff	522	1,810	7,323	7,661	9,497
Defense tax	-	622	6,319	8,558	10,296
Monopoly profits	454	1,355	3,600	5,100	6,800
Local tax	398	1,588	5,992	7,782	8,953
Tax burden rate	15%	15.8%	18.4%	18.8%	18.3%
Per capita tax burden (unit = 1,000 won)	15.0	43.9	142.6	172.4	209.7

Local Tax Situation					(unit = 1 million won)
Item	70	75	79	80	81 (target)
Total	33,232	158,790	580,716	705,699	921,947
Property sales	11,057	41,820	128,196	165,037	211,358
Registration	-	-	92,021	95,671	137,742
License	1,228	4,865	17,207	26,087	24,750
Residential	-	15,638	83,603	89,798	132,910
Property	3,980	28,436	80,866	96,621	146,658
Vehicle	5,605	12,353	46,750	61,280	57,242
Para land	3,122	20,841	52,620	76,802	81,587
Butchery	236	546	3,820	3,759	5,544
Horse race	248	534	1,902	2,338	3,286
City planning	2,206	13,404	34,046	41,145	62,527
Fire-fighting facility	519	2,841	8,561	10,987	16,003
Work place	-	-	25,594	29,346	35,435
Entertainment	5,029	17,512	-	-	-
Surcharge to national tax	2	-	-	-	-
Holdover from the previous year	-	-	5,540	6,918	6,960

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CSO: 4108/119

S. KOREA/FOREIGN RELATIONS

FISHERIES AGREEMENTS SOUGHT WITH 14 COUNTRIES

SK070958 Seoul YONHAP in English 0815 GMT 7 Aug 81

[Text] Seoul, Aug. 7 (YONHAP)--The Korean Government is planning to conclude fisheries cooperation agreements with 14 coastal countries as a measure to invigorate the country's deep-sea fishing industry which is suffering a continued recession following coastal countries' promulgation of 200-mile economic zones since 1977.

The 14 coastal countries are Suriname, Brazil, Chile, Ecuador, Costa Rica, Mexico, Tunisia, Saudi Arabia, Senegal, Cote d'Ivoire, the Seychelles, India, Fiji and Papua New Guinea.

Disclosing that the government has already presented draft agreements to the coastal countries, Foreign Ministry officials said Friday that they expect that agreement could be concluded with most of the coastal countries by the end of the first half of next year.

The amount of fish caught by the Korean deep-sea fishing boats has kept on decreasing in recent years--725,000 tons in 1976, 596,000 tons in 1977, 566,000 tons in 1978, 486,000 tons in 1979 and 458,000 tons in 1980.

At present, Korea maintains fisheries cooperation agreements with Japan, Spain, Gambia, the United States and 10 other countries and has initialed similar pacts with Morocco, Mauritania and Australia.

Aside from the plan for fisheries cooperation agreements, the government is also taking necessary procedures to become a member of such international fisheries organizations as the North Atlantic Fisheries Organization, the International North Pacific Fisheries Commission, the Conservation Commission for Antarctic Marine Living Resources and the Inter-American Tropical Tuna Commission.

Korea has already joined the Indian and Pacific Fisheries Commission, the International Whales Commission and the International Commission for Southeast Asian Fisheries.

CSO: 4120/300

S. KOREA/FOREIGN RELATIONS

ROK-ASEAN ECONOMIC TIF TO BE PROMOTED IN SEPTEMBER

SK060134 Seoul YONHAP in English 0053 GMT 6 Aug 81

[Text] Seoul, Aug. 6 (YONHAP)--Private-level economic cooperation between Korea and the five ASEAN member countries is expected to be pushed ahead on a full scale beginning late September as a follow-up measure to Korean President Chon Tu-hwan's June 29-July 15 state visits to those countries.

Officials at the Korean Chamber of Commerce and Industry (KCCI) said Thursday that Indonesia would dispatch a high-powered 60-member delegation led by Arnold Baramuli of Poleko group to the fourth joint conference of the Korean-Indonesian private economic cooperation council slated for September 20-30 in Seoul.

The joint council meeting's major agenda includes bilateral cooperation in the resources field, joint-venture projects and promotion of two-way trade agreed upon during Chon's visit to that Southeast Asian country.

Discussions will focus on the economic fields where the two countries can promote their cooperation, the officials said.

In line with an agreement reached between Korea and Thailand at the Korean-Thai trade ministers conference in Seoul late July, the Korean-Thai economic cooperation council is expected to set up three committees under its wing in September to exclusively deal with promoting bilateral cooperation in trade, joint investments and construction fields.

The committees' activation will be followed by the second Korean-Thai economic council meeting slated for mid-December in Seoul to discuss full-fledged economic cooperation between the two countries, the KCCI officials said.

Korea and Singapore will establish their own private-level economic cooperation councils in September or October as agreed upon during Chon's ASEAN swing, and the two countries will hold the first joint conference of their economic cooperation councils this year to step up capital and technological cooperation between them, according to the officials.

Another economic cooperation council meeting is scheduled to take place in Seoul in November or December to discuss promotion of two-way trade and resources cooperation between Korea and Malaysia.

Aside from the council meetings, Korea plans to send economic cooperation delegations to the ASEAN countries whenever necessary to promote economic cooperation with them on a long-term basis, while trying to become a member of the ASEAN Chamber of Commerce and Industry, the officials added.

S. KOREA/FOREIGN RELATIONS

BRIEFS

ECONOMIC MISSION TO EUROPE--Seoul, Aug. 6 (YONHAP)--A high-power economic cooperation delegation, organized by the Federation of Korean Industries (FKI), will tour six European countries Sept. 5-26, FKI officials said here Thursday. The officials said that the 20-member economic mission composed of leading Korean businessmen would visit the United Kingdom, France, West Germany, Belgium, Switzerland and Luxemburg. According to the officials, the Korean delegates are scheduled to meet with business leaders of their visiting countries to discuss promoting bilateral trade [word indistinct] the inducement of advanced technology into Korea and joint venture projects in third countries. The Korean businessmen will also ask their European counterparts for direct capital investments in Korea and for joint ventures here, the officials said. In the Belgian capital of Brussels, the Koreans will hold a symposium on economy Sept. 16-17 under the joint sponsorship of a British economic newspaper, THE FINANCIAL TIMES, and the European Community (EC) to discuss a wide range of economic issues including economic cooperation and two-way trade expansion between Korea and the European organization. The officials said that 150 industrial leaders from 17 European countries are expected to participate in the planned Brussels symposium. [Text] [SK060153 Seoul YONHAP in English 0124 GMT 6 Aug 81]

MISSIONS TO EUROPE, S. AMERICA--The government plans to soon dispatch large-scale economic survey missions to three areas--Europe, Central and South America and Africa. According to authorities concerned, the high-powered missions, which will be led by economic ministers or vice ministers, will consist of working-level officials of the economic planning board and the ministries of foreign affairs, finance, commerce-industry, energy-resources and construction. Leading businessmen and key members of four economic organizations will join the missions. The three teams will scrutinize a wide spectrum of areas for enhancing economic cooperation with focus on negotiations of loans required for the Fifth Five-Year Economic Development Plan (1982-86), export market expansion, joint development for resources, and capital cooperation in the form of joint ventures. In the first-stage, a joint survey team, led by Commerce-Industry Minister So Sok-chun, will leave for Europe early next month. The two other missions will also be dispatched next month to the African and Latin American regions for the same purpose. [Text] [SK040706 Seoul THE KOREA TIMES in English 4 Aug 81 p 7]

VISA EXEMPTION ACCORDS--The government has been negotiating with 19 countries to conclude visa exemption agreements to facilitate overseas travel by Korean nationals, it was learned yesterday. The 19 countries are Thailand, the Philippines, Sri Lanka, Bangladesh, Peru, Colombia, Costa Rica, Jamaica, Senegal, Sierra Leone, Ivory Coast, Sudan, Malaysia, Indonesia, India, Panama, Jordan, Liberia and Mauritius. At present, Korea has nonvisa agreements with the Philippines and Thailand, but they are only for those who hold diplomatic or official passports. Informed sources said that visa exemption agreements are expected to be concluded with at least 12 of the 19 countries within this year at the earliest as they showed favorable responses. Once the accord is concluded, travelers can stay in those countries for up to half a year without visa, except for those seeking jobs. The sources explained that visa exemption negotiations will be conducted actively under the government decision to liberalize overseas trips by Koreans. The visa exemption will be conducive to promoting bilateral understanding as it will promote personnel exchanges, they observed. The nation has concluded visa accords, for both diplomatic, official and general passport holders, with 22 countries. [Text] [SK110651 Seoul THE KOREA HERALD in English 11 Aug 81 p 1]

U.S. ENVOY--Seoul, Aug. 12 (YONHAP)--New U.S. Ambassador to Korea Richard L. Walker Wednesday said that it was a source of great honor that U.S. President Ronald Reagan has chosen him as the representative to a country which is so important a friend and ally of the United States and for whose culture and achievements he has long had such admiration. Walker made the remark when he presented his credentials to Korea's President Chon Tu-hwan at Chongwadae, the presidential mansion in Seoul. In his presentation address, the new U.S. ambassador said that he came to the Republic of Korea as Reagan's representative at a time when the relations between the two countries have entered a new era of friendship and cooperation following President Chon's state visit to the United States earlier this year. Walker emphasized, however, that "this is a moment when it is more critical than ever that we work together to maintain peace on the Korean Peninsula and in the Northeast Asian region." In this endeavor, the ambassador said, he will be guided by the pledge which the two presidents of the Republic of Korea and the United States made jointly in Washington on Feb. 2 this year to strengthen U.S.-Korean cooperation in deterring and defending against aggression. The Korean President replied that he welcomed Walker's assumption of his Seoul post because he has a keen insight into the traditional relations between Korea and America, and the realities in the Northeast Asian region. Chon also expressed the hope that the new ambassador would contribute to the further promotion of bilateral friendly relations, adding that next year is the centennial of opening up diplomatic relations between the two countries. Korea's Foreign Minister No Sin-Yong and Minister-Counsellor John C. Monjo of the U.S. Embassy here were also present at the meeting. [Text] [SK120437 Seoul YONHAP in English 0331 GMT 12 Aug 81]

CSO: 4120/300

S. KOREA/FOREIGN TRADE

NO CHANGE EXPECTED IN CANADIAN IMPORT POLICY

SK080925 Seoul YONHAP in English 0858 GMT 8 Aug 81

[Text] Toronto, August 7 (YONHAP)--It appears highly unlikely that Canadian Prime Minister Pierre Trudeau's scheduled visit to Korea would in any way help ease Ottawa's restrictive policy against South Korean exports to this North American market.

Foremost on the agenda of the forthcoming Korea-Canada summit scheduled for September would be increased bilateral trade and economic cooperation, an informed source said Friday.

But he indicated this does not necessarily have to come at the price of a more liberal import policy on the part of Canada. He noted Ottawa's restrictive import policy applies to European and other Asian countries as well.

He was commenting on speculation that with the first visit to Korea by a Canadian prime minister, Ottawa might consider making some sort of import concessions, however minimal, as a gesture of goodwill if not as a means of bargaining for the sales of its high-cost technology items including Candu.

South Korea's leading exports to this North American nation include textiles, clothing, electronics and footwear. However, Canada limits Korean textile and clothing exports under bilateral quotas and electronic goods exports with discriminatory tariff rates.

Except for footwear, most of Korea's exports in these categories dropped off markedly in 1980. Textile exports--the single largest item--declined to 77.5 million U.S. dollars from about 97 million dollars in 1979.

Television and other electronics goods also fell substantially to about 56 million dollars from a previous 76 million dollars. Although the poor Korean export performance in Canada could not be blamed entirely for Ottawa's protectionist policy, it certainly has been a major irritant to Korea and is becoming more so as Ottawa appears determined to continue its protectionism.

Ottawa has recently announced its intention to maintain import quotas on textiles and clothing for another five years.

Seoul and Ottawa last month failed to reach a new bilateral textile agreement in their five days of negotiations in Seoul, due to a wide divergence of views on the scale of a new quota.

S. KOREA/FOREIGN TRADE

ROK COMPANIES TO EXPLORE ALASKAN COAL DEPOSITS

SK010300 Seoul THE KOREA TIMES in English 1 Aug 81 p 1

[Text] The government has authorized four Korean companies to explore massive coal deposits in Alaska in a joint venture with Alaskans. The four are Hyundai, Samsung, Samchok Consolidated Coal Mining Co. and Daesung Consolidated Coal Mining Co.

With the authorization, the four companies are scheduled to complete a test operation in the Bering River area by the end of September this year under a partnership agreement with Chugach Native Inc. (CNI) of the United States, industry sources said yesterday.

According to the sources, the Bering area east of Anchorage has reserves of an estimated 2-3 billion tons of anthracite and bituminous coal.

By the end of this year, the sources said, a consortium of the four Korean firms will analyze the results of the firstphase digging.

If the first digging fails to discover commercially exploitable coal, the sources said, the four companies will continue coal-search exploration until the end of 1985.

The government allowed the four local firms to participate in the overseas coal development project last week.

Apart from the four companies, the Suneel Shipping Co. of Korea plans to tap bituminous coal reserves in the central part of Alaska in a tie-up with the Usibelley Coal Co. of the United States. The two sides are negotiating on joint exploration.

With the government authoritization, the sources said, Korea's participation in the development of coal reserves in Alaska will be expedited.

The government is ready to provide financial assistance including exploration costs to help the four companies hunt the black mineral.

A few months ago, the four-member Korean business group and CNI agreed in principle to establish a tie-up firm in order to explore coal reserves.

Now, the four local companies' representatives including Samchok President Choi Hyong-sun are in Alaska to reach final agreement with CNI on joint exploration. The formal agreement is expected to be made soon, the sources said.

The bilateral agreement has been forged since March 30 in Seoul, when Hyundai and CNI signed a memorandum of understanding to develop coal reserves in the Bering River area.

S. KOREA/FOREIGN TRADE

BRIEFS

INVISIBLE TRADE DEFICIT INCREASES--Seoul, Aug. 5 (YONHAP)--Korea's invisible trade deficit has kept getting worse due largely to heavy outflows of hard currencies for payments of interest on foreign loans, Finance Ministry sources said Wednesday. According to the source, the deficit in the non-trade account came to 964 million dollars in the first six months of this year, 308 million dollars more than the same period last year, with the outlays in the period amounting to 4.01 billion dollars as against the receipts that reached 3.05 billion dollars. Thus, the six-month deficit figure already outran the estimated current account invisible trade deficit of 500 million dollars for the whole of this year by 464 million dollars. [Text] [SK050928 Seoul YONHAP in English 0808 GMT 5 Aug 81]

TRADE DEFICIT WITH JAPAN--The adverse balance of trade between Korea and Japan is still deteriorating against Korea as imports of key industrial machine supplies and materials are heavily dependent on Japan. According to statistics compiled by the Ministry of Commerce and Industry, Korea's import excess with Japan during the first half of this year marked \$1,575 million. Imports from Japan during the first six months of this year amounted to \$3,118,260,000, whereas exports to Japan were \$1,543,590,000. The adverse condition with Japan has been improved since 1979. However, the import dependence for capital goods and industrial facilities is unchanged due to Korea's industrial structure. In recent days, the depreciation of the Japanese yen currency in the wake of U.S. dollar rally has made it difficult for Korea to increase exports during the latter half of this year. It has been pointed out that a horizontal division of labor and strengthening technical training in the sectors of shipbuilding, electronics and machinery are necessary to cope with the growing import excess. [Text] [SK060656 Seoul THE KOREA TIMES in English 6 Aug 81 p 7]

INCREASE IN EXPORTS--Seoul, Aug. 6 (YONHAP)--Korea's 10 general trading companies exported some 4.9 billion U.S. dollars' worth of commodities during the first seven months this year, up 34.2 percent over the same period last year. According to a tally released Thursday by the Commerce-Industry Ministry, the combined exports by the major businesses account for 41.1 percent of the country's total exports of the period. The Daewoo Industrial Co. became the first firm to hit one billion-dollar export with 1.02 billion dollars, followed by Samsung Co. with 886 million dollars, and the Hyundai Corp. with 821 million dollars. The Ssangyong Corp., the Kukje Corp. and the Hyosung Corp. were among the businesses which exported over 400 million dollars in the period. [Text] [SK061003 Seoul YONHAP in English 0835 GMT 6 Aug 81]

N. KOREA/POLITICS AND GOVERNMENT

JULY 'KULLOJA' TABLE OF CONTENTS ANNOUNCED

Pyongyang NODONG SINMUN in Korean 8 Jul 81 p 4

[Text] The July issue of KULLOJA, the political-theoretical journal of the Central Committee of the Korean Workers Party has been published. The contents of the journal are as follows:

The First Torch for the Intellectualization of the Entire Society: To Popularize the Model of the Kumsan Shaft of Yongyang Mine

The Guerrilla Bases Created During the Anti-Japanese Struggle Period and Their Shining Achievements.....Yi Ul-sol

Indoctrination in Chuche Thought Is an Important Requirement for the Establishment of a Revolutionary View of the World.....Kim Ch'ang-won

The Lofty Experience of Our Party Achieved Through the Communistic Remolding of Man.....Sin Kil-su

The County Party Committee's Leadership in Economic Projects.....Kim Yong-sang

Regularization and Standardization of Enterprise Management Is the Natural Requirement of the Socialist Economic System Based on Collectivism.....Son Mong-nin

Good Maintenance of Equipment Is an Important Principle of the Socialistic Production System.....Yi Tong-kun

Chuche Agriculture and Its Great Vitality.....Pyon Ch'ang-pok

Service Work and the Creativity of Local Government Functionaries.....Yang Hwa-song

To Transform the Armistice Agreement Into a Peace Treaty Is a Just Action for the Independent, Peaceful Unification of Korea.....Kil Chae-kyong

Establishment of a New International Economic Order Is a Common Goal of Struggle for the Newly Rising Nations.....Sok Tu-kwan

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N. KOREA/SOCIAL CONDITIONS

HIGH-RISE HOUSING CONSTRUCTION REPORTED IN NAMP'O

Pyongyang NODONG SINMUN in Korean 21 Jun 81 p 1

[Article by special correspondent Yi Myong-ch'ang: "New Innovation in Housing Construction on the Great Leader's On-Spot Guidance: Builders and Volunteers at the Housing Area, Waudo, Namp'o District, Namp'o City"]

[Text] Upholding the on-the-spot guidance given by the great leader Comrade Kim Il-song on 22 and 23 May, Namp'o District Waudo Housing Area construction sites are forcefully whipping up the hot winds of revolutionary fervor and speed battle.

Our great leader, touring around Namp'o District's brand new Waudo Housing Area and the Waudo Recreation Center, commented that the Waudo area looked beautiful from the touring boat, and instructed that this place must be turned into a workers' cultural rest area through further construction of high rises of varied styles on the ridges around Waudo and through energetic beautification of the Waudo Recreation Center to make it the workers' cultural rest area.

Our great leader further remarked that, becoming this coastal city, we should construct nice looking residential high-rises on the ridges and surround them with parks and green areas, so as to enable the people to feel that they are living in a park. He thus explained the bright outlook and detailed plans for building Namp'o City into an even more magnificent and splendid city.

The warm love of our great leader and the great concern of our glorious party center shown toward the workers of Namp'o City has given rise to creative wisdom and flame-like zeal among the construction workers here, and has caused an outpouring of the guts and spirit of moving mountains and filling sea in one breath.

Our great leader comrade Kim Il-song instructed as follows:

"This year we must build urban and rural housing on a grand scale, thereby further improving housing conditions for workers."

Upholding our great leader's on-the-spot guidance regarding the construction of a more magnificent and splendid City of Namp'o, the construction command under the guidance of the city party committee, drove forward, assault-fashion, with organizational and political work for the purpose of vigorously mobilizing all construction capacity.

The construction command informed the members of each department of step-by-step goals and struggle tasks, deeply impressed every functionary with the great leader's far-sighted plan and the party's aims, and responsibly worked without rest to see that operational guidance, technical guidance and material supply were meticulously handled.

Meanwhile, functionaries who went out to the factories and shops, while accurately presenting the great leader's on-the-spot instruction and step-by-step goals for accomplishing much more construction of many styles of beautiful high-rise housing, and while explaining and inculcating the masses far and wide with the glorious party center's aim of accelerating construction with spirit, exhorted the masses to new innovation and feats.

The construction workers and volunteers, who had mastered the party's intention thoroughly, said that now was certainly the time to embrace the enthusiasm and vigorous fighting spirit of youth, and that the time for valor was at hand, and spread the vigorous assault to every work site.

Command functionaries of the 9 August Youth Shock Brigade, on learning that they would build the Waudu bathhouse right after construction on the City People's Hospital, went right away to Pyongyang's Ch'anggwangwon and toured every modern piece of equipment and facility, and, with our party's sublime affection and high regard for the people in their hearts, led the shock brigade into fruitful struggle.

In particular the shock brigade members assigned to the 2nd Company, 2d Battalion and the 3d Company, 3d Battalion, of the 9 August Youth Shock Brigade, launching a ferocious assault which began the very day of the great leader's visit, are accomplishing more than double their daily quotas through compliance with new operational guidelines.

In the same vein, the Number 22 Metals Factory Construction Site construction personnel charged with the construction of a 30-story high-rise housing project, brought about unprecedented innovation in the foundation excavation work.

Construction personnel of the Yonggang Construction Brigade and the Tae'an City Construction Site, responsible for building a 10-story and an 18-story high-rise, are, as expected, bringing forth new successes in foundation construction day after day with redoubled courage, while absolutely refusing to yield first place in the struggle to fulfill the great leader's on-the-spot guidance.

At present, this city's construction workers and volunteers, including those at the Namp'o City Urban Construction Site, dedicate all their enthusiasm, thinking constantly about putting quality first and about how to build more beautifully, more splendidly, and more economically.

Because of the toiling struggle of this city's construction personnel and volunteers, who shine forth by their proud feats in these days of worthwhile struggle to fulfill the great leader's on-the-spot guidance, today the Waudu Housing Area construction sites display with vigor the chollima and speed battle spirit.

N. KOREA/INTERNATIONAL COMMENTARY

BRIEFS

PRC OFFICIAL TO PHILIPPINES--Pyongyang, 13 Aug (KCNA)--Zhao Ziyang, premier of the State Council of the People's Republic of China, paid an official goodwill visit to the Philippines from August 6 to 9, according to a report. During the visit he had talks with Filipino President Ferdinand Marcos and discussed the question of developing bilateral relations and a series of international problems. He also met the prime minister of that country and was entertained at a banquet by him. [Text] [SK130356 Pyongyang KCNA in English 0336 GMT 13 Aug 81]

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